

TUMWATER SCHOOL DISTRICT No. 33
Thurston County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Federal Findings

1. Payroll Charges To Federal Programs Should Be Supported By Time And Attendance Records

New Market Vocational Skills Center is a cooperative activity of several school districts within Thurston, Lewis, and Mason Counties, for which Tumwater School District is the host. New Market Vocational Skills Center did not have an acceptable system for recording employee time and attendance spent on the federal Vocational Education program (CFDA 84.048).

U.S. Office of Management and Budget (OMB) Circular A-87, *Cost Principles*, and the "Common Rule" for *Uniform Administrative Requirements for Grants and Cooperative Agreements To State And Local Governments*, establish standards for documentation and allowability of costs chargeable to federal grant programs. Among the standards are:

- a. Amounts charged to grant programs for personal services will be based on payrolls supported by time and attendance or equivalent records for individual employees (OMB Circular A-87).
- b. Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities (Common Rule).

In the absence of a system that meets federal standards, salary and benefits charged to federal programs are not properly supported.

New Market Skills Center program management indicated they were unsure, or did not fully understand, the federal requirements for time and attendance reporting and documentation. They were under the mistaken impression time and attendance records were not required if its employees were assigned to only one federally funded or sole cost objective program.

We recommend the New Market Vocational Skills Center federal program administrators implement a time and attendance reporting system, including written procedures, that complies with OMB Circular A-87 and the "Common Rule" for all federal programs that are charged through payroll.

2. District Overclaimed Meal Count Reimbursements For Federal Free And Reduced Lunches

The district claimed more free and reduced meals on the monthly reimbursement reports than were actually served, and received \$2,202 more than was supported by meal count documentation for the fiscal year 1994 in the National School Lunch Program (CFDA 10.555).

U.S. Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State and Local Governments*, establishes standards for documentation and allowability of costs charged to federal grant programs.

The "Common Rule," *Uniform Administrative Requirements for Grants*, Subpart C - Post Award Requirements, Subsection .20 Financial Administration, (2) Accounting Records states:

Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities.

Because of reporting errors on the monthly reimbursement reports, the district was reimbursed excess costs of \$2,202 which could not be supported by actual meal count documentation.

Apparently, this condition occurred when the district's food service staff made a computational error in their electronic spreadsheet.

We recommend the district's food service management implement an edit and review process which monitors repetitive accounting calculations performed by electronic spreadsheets to ensure inputs are properly processed.

We further recommend the district return \$2,202 of questioned costs to the Superintendent of Public Instruction.